



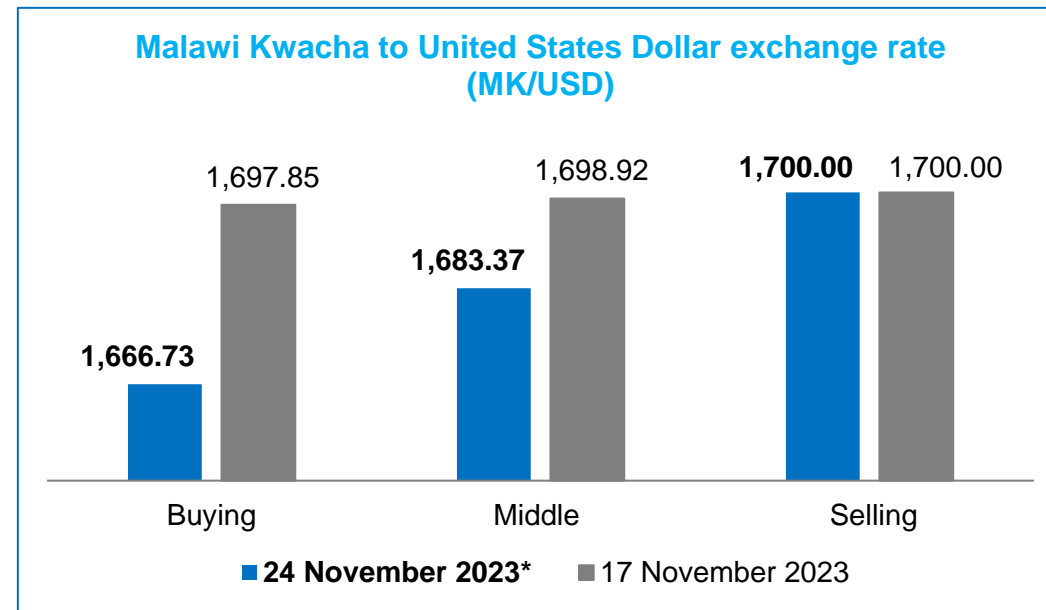
Malawi Financial Market Update

Week ending 24 November 2023

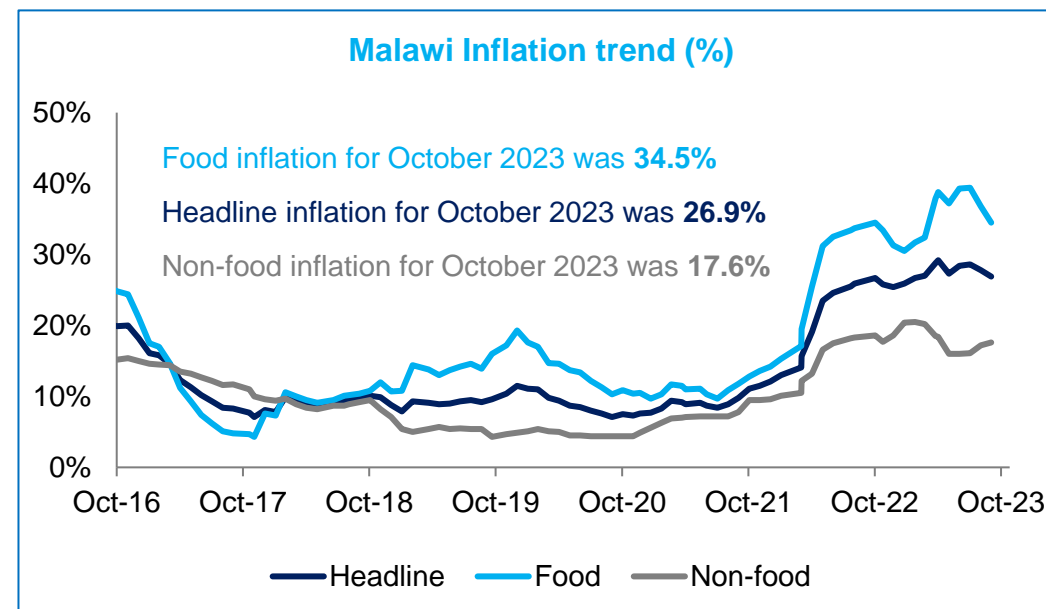


Exchange rate and other market developments

Exchange rate (Source: RBM)



Inflation (Source: NSO)



On 20 November 2023, the World Bank’s Board of Executive Directors approved a USD60 million (approximately MK100 billion) grant from the International Development Association to Malawi. The grant will finance the De-risking Importation of Strategic Commodities (DISC) project.

According to the budget statement presented on 20 November 2023, at mid-year, total revenue and grants amounted to MK1.45 trillion against a mid-year projection of MK1.25 trillion. Total expenditure at mid-year was estimated at MK2.02 trillion against a mid-year projection of MK1.99 trillion. The overall deficit in the first half of the 2023-24 financial year budget amounted to MK567.79 billion.

What Happened This Week

1. According to the budget statement presented to Parliament by the Minister of Finance on Monday, 20 November 2023, at mid-year, total revenue and grants amounted to MK1.45 trillion against a mid-year projection of MK1.25 trillion. Of the MK1.45 trillion, domestic revenues were estimated at MK1.18 trillion, of which MK1.03 trillion was tax revenue and MK151.8 billion was other revenues. Total grants disbursed in the first half amounted to MK273.40 billion against a mid-year projection of MK155.30 billion. Total expenditure at mid-year was estimated at MK2.02 trillion against a mid-year projection of MK1.99 trillion, comprising recurrent expenditure at MK1.45 trillion and development expenditure at MK567.24 billion. The overall deficit in the first half of the 2023/24 financial year was MK569.79 billion against a projected deficit of MK737.82 billion (*2023-24 Mid-Year Budget Review Statement*).
2. On 20 November 2023, the World Bank’s Board of Executive Directors approved a USD60 million (approximately MK100 billion) grant from the International Development Association to Malawi. The funding will finance the De-risking Importation of Strategic Commodities (DISC) project. The project will establish a foreign currency trade facility for commercial banks in Malawi, and it is expected to assist in importing fertilizers and pharmaceuticals. According to the World Bank Country Manager for Malawi, the DISC project aims to support economic recovery in Malawi with a specific focus on the private sector (*The World Bank, 20 November 2023*).
3. In its November 2023 Malawi Country Report, the International Monetary Fund (IMF) notes that fuel consumption in Malawi grew on average 7.7% during the past six years, and this increase has been partly driven by rapid growth in the importation of used cars. According to the IMF, some fiscal policy measures taken by authorities, such as using a specific tax on secondhand cars, will help contain the importation of motor vehicles and fuel, which will, in turn, ease Balance of Payments pressures. However, the IMF argues that there is a need for additional measures such as raising import duty, Value Added Tax (VAT), and excise taxes on motor vehicles to raise the prices of motor vehicles. Furthermore, the IMF suggests raising fuel taxes and updating the fuel prices in line with global prices (*The International Monetary Fund, November 2023*).
4. The IMF has stressed that successful debt restructuring is vital for Malawi. In its November 2023 Malawi Country Report, the IMF stated that no reasonable mix of adjustment and financing alone can deliver macroeconomic stability. According to the IMF, Malawi needs to get debt relief quickly because delays in debt restructuring of Malawi’s external debt would put macroeconomic stabilization at risk (*The International Monetary Fund, November 2023*).

*: Reserve Bank of Malawi opening exchange rates as of 24 November 2023



Malawi Financial Market Update: Week ending 24 November 2023

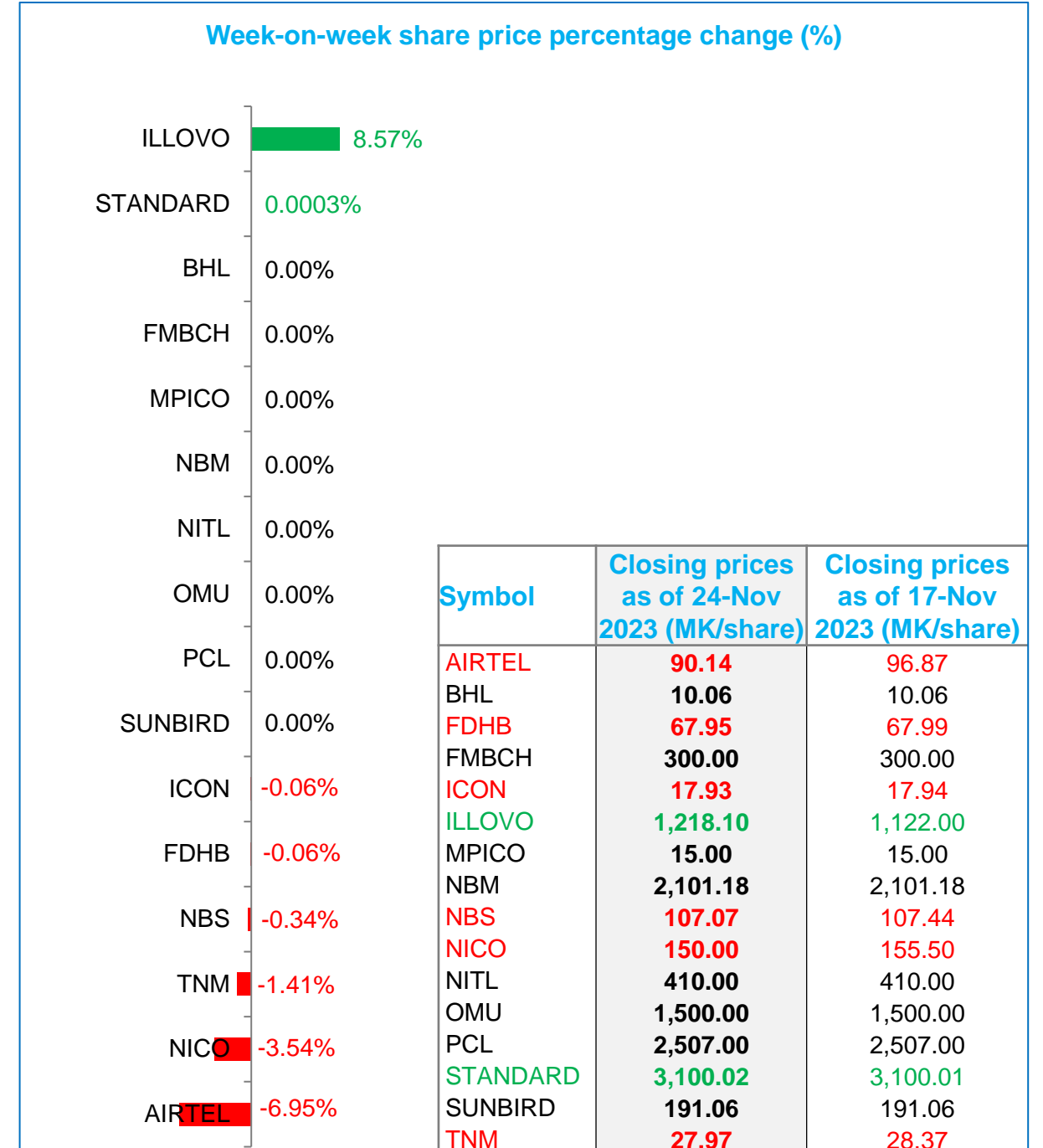
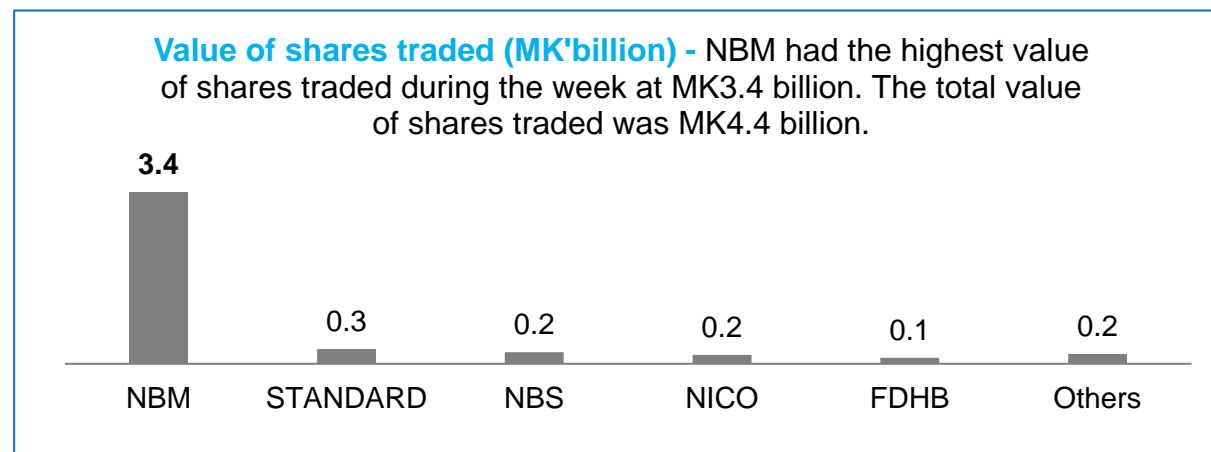
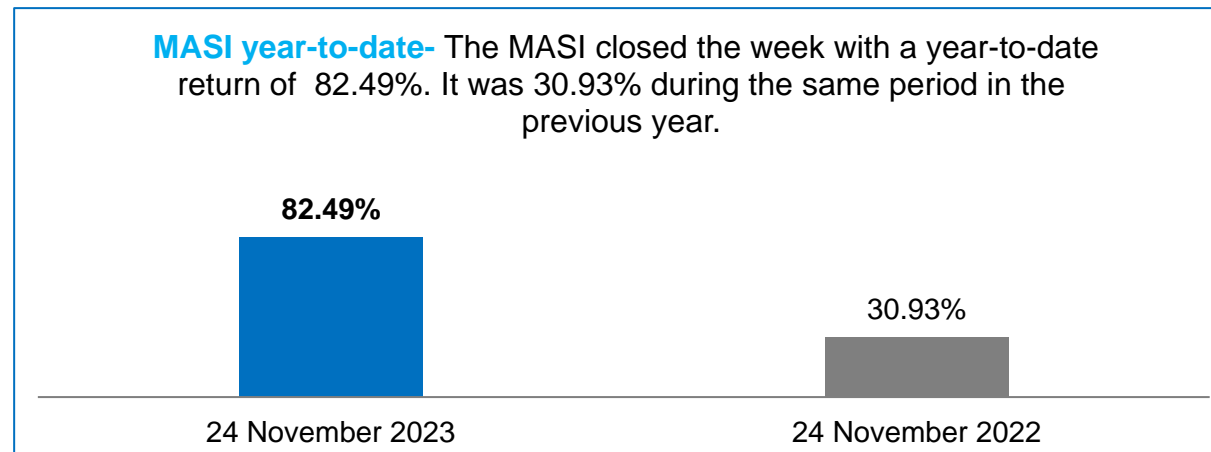
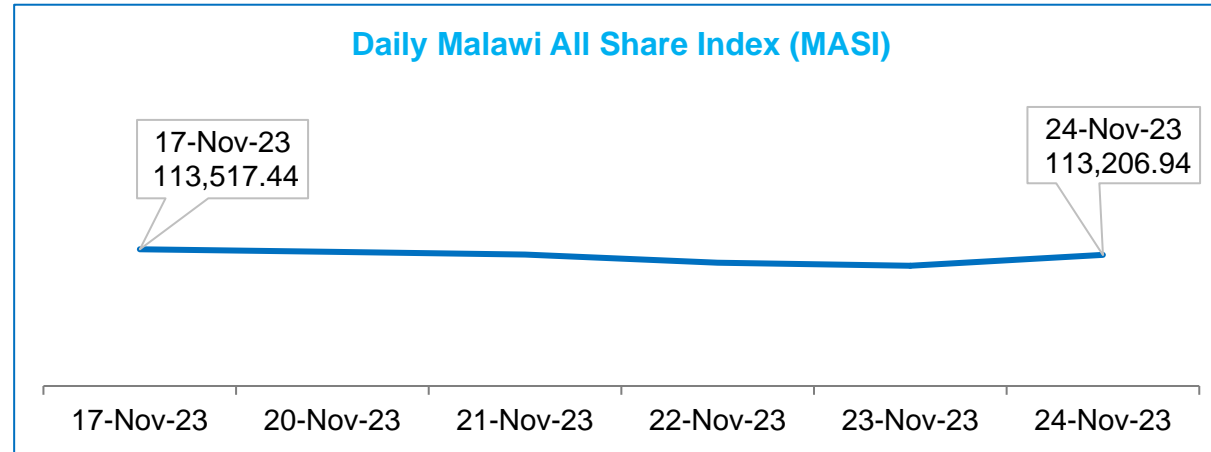
Stock market (Source: MSE)

The stock market was marginally bearish, with the Malawi All Share Index (MASI) closing the week ending 24 November 2023 at 113,206.94 points from 113,517.44 points for the week ending 17 November 2023. Week on week, this represents a 0.27% decrease.

There was an 8.57% share price gain for ILLOVO and a marginal share price gain for Standard Bank. The share price gains were offset by 6.95%, 3.54%, and 1.41% share price losses for AIRTEL, NICO, and TNM, respectively. There were also marginal share price losses for NBS, FDH Bank, and ICON during the week under review.

NBS notified the public of a second interim dividend of MK3.49 billion (MK1.20 per share) in respect to 2023 profits.

Sunbird announced an interim dividend of MK524 million (MK2.00 per share) in respect to 2023 profits.



Symbol	Closing prices as of 24-Nov 2023 (MK/share)	Closing prices as of 17-Nov 2023 (MK/share)
AIRTEL	90.14	96.87
BHL	10.06	10.06
FDHB	67.95	67.99
FMBCH	300.00	300.00
ICON	17.93	17.94
ILLOVO	1,218.10	1,122.00
MPICO	15.00	15.00
NBM	2,101.18	2,101.18
NBS	107.07	107.44
NICO	150.00	155.50
NITL	410.00	410.00
OMU	1,500.00	1,500.00
PCL	2,507.00	2,507.00
STANDARD	3,100.02	3,100.01
SUNBIRD	191.06	191.06
TNM	27.97	28.37



Government securities (Source: RBM)

The RBM held auctions for all tenors of Treasury Bills (TBs) and all tenors of Treasury Notes (TNs) during the period under review.

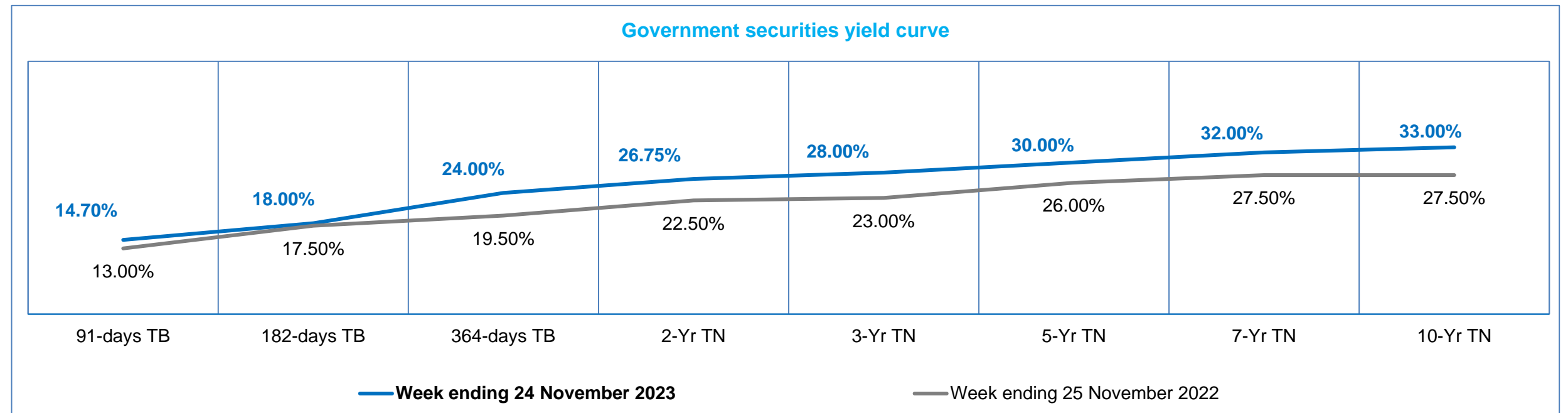
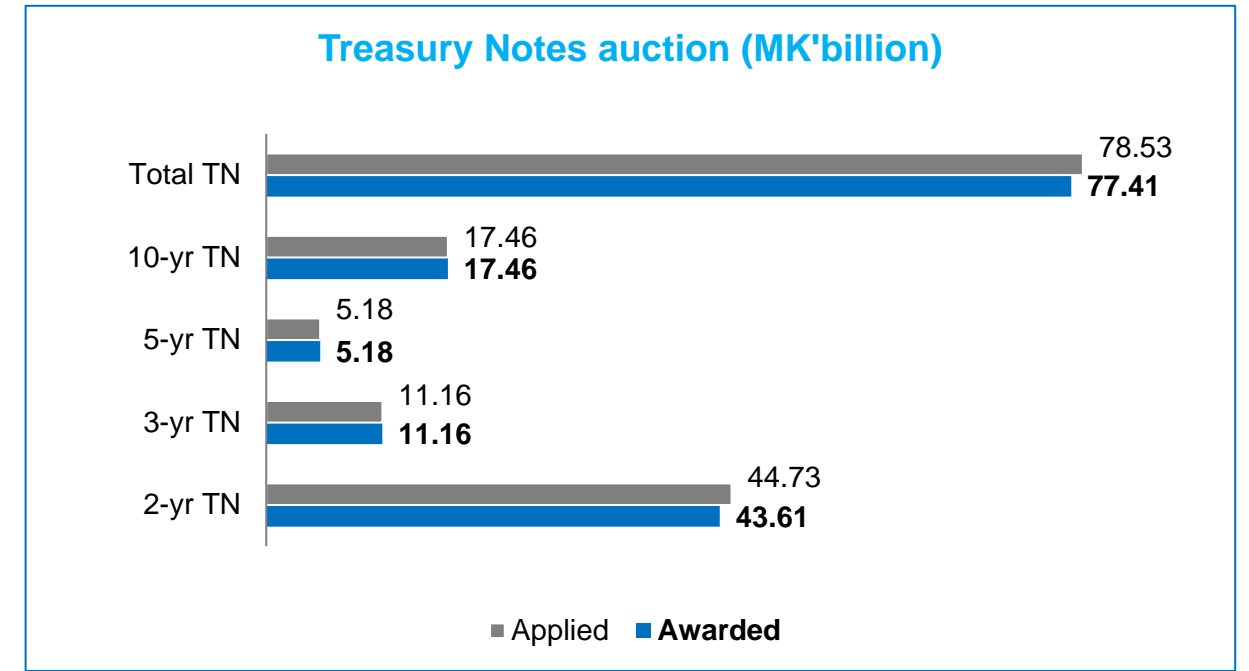
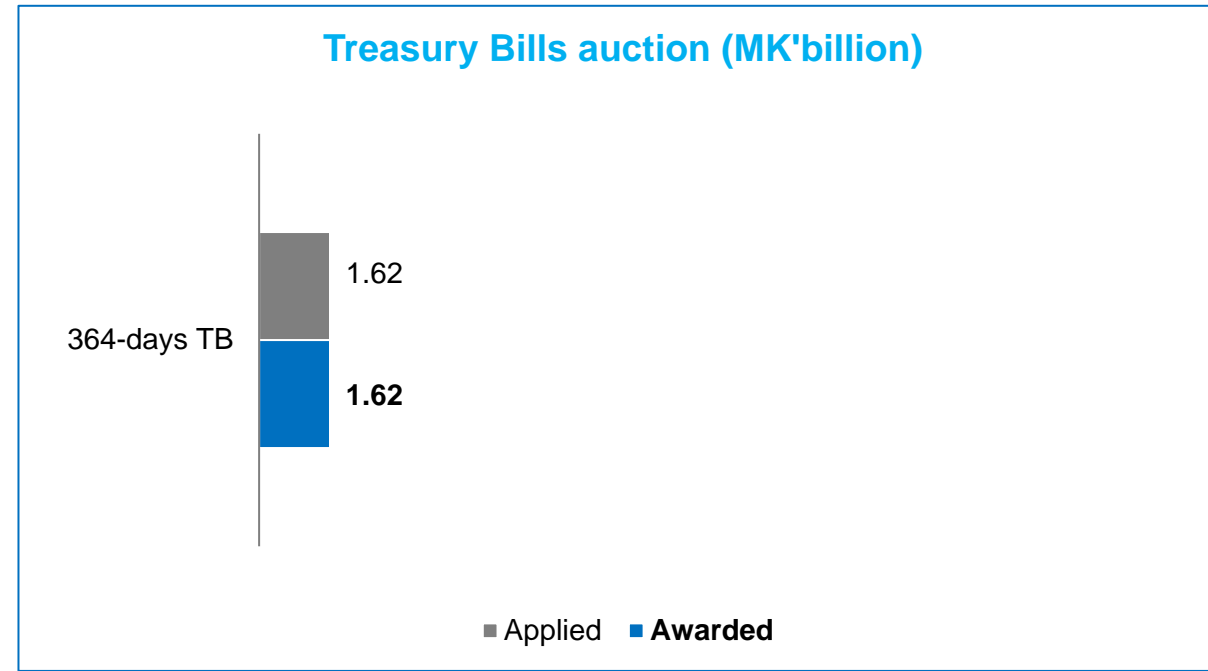
A total amount of MK1.62 billion was raised from the TBs auctions held during the period under review.

There were applications for only the 364-days TB during the period under review.

An amount of MK77.41 billion was raised from all the TNs auctions held during the period under review.

There were no applications for the 7-year TN during the period under review.

The average TB and TN yields remained constant at 18.90% and 29.95% respectively during the period under review.



TB: Treasury Bill
TN: Treasury Note
Yr: Year



Appendix 1: Historical Economic Indicators

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	24-Nov-23
Exchange rates (middle rates)														
MK/USD	1,032.88	1,034.42	1,031.87	1,031.87	1,033.68	1,033.80	1,034.86	1,034.46	1,058.82	1,061.67	1,094.74	1,126.50	1,179.83	1,683.37*
MK/GBP	1,234.05	1,276.81	1,305.57	1,305.57	1,280.21	1,315.33	1,325.22	1,317.23	1,377.77	1,400.92	1,429.20	1,412.17	1,473.63	2,174.27*
MK/EUR	1,062.62	1,105.82	1,152.30	1,152.30	1,128.21	1,156.66	1,171.01	1,135.21	1,183.15	1,203.76	1,226.61	1,225.22	1,285.81	1,891.13*
MK/ZAR	58.36	62.11	60.72	60.72	57.83	59.76	57.89	53.58	57.92	61.70	60.02	60.67	63.95	92.18*
Foreign Exchange Reserves														
Gross Official Reserves (USD'mn)	326.06	338.87	304.65	279.22	280.66	228.49	200.08	194.82	321.53	267.91	239.56	242.68	N/A	N/A
Private Sector Reserves (USD'mn)	427.67	400.77	399.20	384.37	378.54	375.36	403.93	386.90	407.47	406.63	419.35	409.46	N/A	N/A
Total reserves (USD'mn)	753.73	739.64	703.85	663.59	659.20	603.85	604.01	581.72	729.00	674.54	658.91	652.14	N/A	N/A
Gross Official Reserves Import cover (months)	1.30	1.36	1.22	1.12	1.12	0.91	0.80	0.78	1.29	1.07	0.96	0.97	N/A	N/A
Inflation														
Headline	26.7%	25.8%	25.4%	25.9%	26.7%	27.0%	28.8%	29.2%	27.3%	28.4%	28.6%	27.8%	26.9%	N/A
Food	34.5%	33.4%	31.3%	30.5%	31.7%	32.4%	37.9%	38.8%	37.2%	39.3%	39.4%	36.8%	34.5%	N/A
Non-food	18.6%	17.7%	18.6%	20.4%	20.5%	20.2%	18.5%	18.4%	16.0%	16.0%	16.1%	17.2%	17.6%	N/A
Interest Rates														
Monetary Policy rate	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	22.00%	22.00%	22.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Average Interbank rate	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.19%	19.26%	20.38%	20.51%	22.76%	22.79%	22.91%	23.00%
Lombard rate	18.20%	18.20%	18.20%	18.20%	18.20%	18.20%	22.20%	22.20%	22.20%	24.20%	24.20%	24.20%	24.20%	24.20%
Commercial Bank reference rate	13.90%	16.60%	17.30%	17.30%	17.30%	17.30%	17.30%	20.00%	21.00%	22.70%	22.70%	23.40%	23.50%	23.50%
Government Securities Yields														
91-days Treasury Bill	11.00%	13.00%	13.00%	13.00%	13.00%	13.00%	12.98%	13.00%	13.00%	13.00%	14.70%	14.70%	14.70%	14.70%
182-days Treasury Bill	15.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
364-days Treasury Bill	18.75%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	22.49%	22.50%	22.50%	24.00%	24.00%	24.00%	24.00%
2-year Treasury Note	21.50%	22.50%	22.50%	22.75%	22.75%	22.75%	22.75%	24.75%	24.75%	24.75%	26.75%	26.75%	26.75%	26.75%
3-year Treasury Note	23.00%	23.00%	24.00%	24.00%	24.00%	24.00%	24.00%	26.00%	26.00%	26.00%	28.00%	28.00%	28.00%	28.00%
5-year Treasury Note	25.00%	26.00%	26.00%	26.19%	26.19%	26.25%	26.25%	28.00%	28.00%	28.00%	30.00%	30.00%	30.00%	30.00%
7-year Treasury Note	26.50%	27.50%	27.50%	27.50%	27.50%	27.50%	27.50%	29.50%	29.50%	29.50%	30.46%	32.00%	32.00%	32.00%
10-year Treasury Note	27.50%	27.50%	28.50%	28.50%	28.50%	28.50%	28.50%	31.19%	31.25%	31.25%	32.83%	33.00%	33.00%	33.00%
Stock Market Indices														
MASI	55,046.26	55,795.69	62,036.05	68,451.77	71,069.31	80,298.12	86,462.61	102,837.75	108,656.97	112,492.50	119,077.99	118,426.19	113,969.91	113,206.94
DSI	44,986.52	48,811.22	50,804.03	54,351.80	56,674.50	64,886.76	70,512.35	83,365.40	87,071.03	88,364.93	90,336.93	89,173.86	89,656.70	88,948.77
FSI	5,100.84	5,613.43	5,614.30	8,374.09	8,382.28	8,381.79	8,202.52	10,396.15	12,297.19	14,982.64	19,947.76	20,692.42	15,011.81	15,048.88

*: Reserve Bank of Malawi opening exchange rates as of 24 November 2023

Disclaimer

Although every effort was made to ensure the information in this report is authentic, the report should only be used for indicative purposes. Bridgepath Capital Limited accepts no responsibility or liability resulting from usage of information from this report. Every recipient using this report should make independent efforts to ascertain the accuracy of the information.

Contact Information

Bridgepath Capital Limited
1st Floor (106), Development House
Corner Henderson Street Road
P.O. Box 2920
Blantyre

Tel No: + 265 111 828 355

Email: info@bridgepathcapitalmw.com

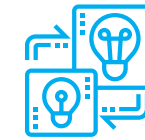
Website: www.bridgepathcapitalmw.com

Our Financial Advisory Solutions

We provide a range of financial advisory solutions to meet your needs and challenges:



Valuations



Business/Financial Modeling



Independent Business Reviews



Mergers and Acquisitions Transaction Services



Business Plans/feasibility studies/Financial Projections



Project Finance Advisory



Capital Raising



Equity/IPO Advisory

**Invest.
Achieve.
Be Different.**